(c) the steps being taken to bridge the gap ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL) : (a) The chairman of the Twelfth Finance Commission while inaugurating a seminar on "Issues before the Twelfth Finance Commission" on Sept. 29, 2003 had *inter-alia*, observed that the adverse impact of large fiscal deficits on the economy should not be underestimated.

(b) The combined fiscal deficit of the States and Centre is 9.3 per cent of GDP for 2002-03 (BE) as compared to 10 per cent in 2001-02 (RE).

(c) Budget 2003-04 lays stress on fiscal consolidation for sustained growth by eliminating budgetary drags, expenditure rationalisation and revenue enhancement under a modern tax administration. The fiscal Responsibility and Budget Management Act, 2003 seeks to ensure inter-generational equity in fiscal management and long term macro-economic stability by appropriate fiscal and monetary policy and envisages elimination of revenue deficit by March 2008.

High Interest Bonds for Varishtha Beema Yojana

38. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the LIC has requested Government to create a fund or periodically issue high-interest bonds for meeting interest deficits to make Varishtha Beema Yojana a viable scheme;

(b) if so, whether Government have agreed to accede to the request of LIC; and

(c) if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) The Life Insurance Corporation of India requested Government to issue 10.4% Government bonds for 15/20 years as an alternative to annual budgetary support.

(b) Not, Sir.

(c) The Government didn't agree to the request as it would distort the bond market and will also add to a fixed liability of the Government.